

Comments to File No. S7-23-20

The Commission is seeking comment on all aspects of the proposed exemption. In particular, the Commission requests comment on the following questions about the proposed exemption. When responding to the request for comment, please explain your reasoning. Additionally, the Commission requests that commenters identify sources of data and information as well as provide data and information to assist the Commission in analyzing the impact of the proposed relief.

1. Are there any other categories of securities that should be eligible for Subscribers' proprietary quotations on the Expert Market?

None that I can think of at this time.

Are there any other categories of securities that should be excluded from Subscribers' proprietary quotations on the Expert Market?

None that I can think of at this time.

For example, should only those securities that meet certain reported trade thresholds be eligible for quoting?

I would suggest that there be no trading threshold limitations for eligibility. Namely, no restrictions based on average trading volume or share price. Share price is an arbitrary differentiator as there is no difference if a particular company issues 1 million shares at \$10 per share, or 10,000 shares at \$1000 per share, or 100 million shares at \$0.10 per share, so share price should not be a criteria for inclusion in the Expert Market. Likewise, some companies have very limited trading, maybe a few hundred shares per month, or even less. These are usually perfectly fine companies for investment; they simply have large insider ownership and few buyers and sellers. As one of the intentions of establishing the Expert Market is to avoid unnecessary hardship on existing shareholders, any limitation based on share volume would counteract this intention.

Please explain, including how this suggestion would be necessary or appropriate in the public interest and consistent with the protection of investors.

2. Are there categories of investors included in the proposed list of Qualified Experts who should be excluded? For example, should all accredited investors, as defined in Rule 501(a) of Regulation D, be considered Qualified Experts, or should the list be limited to a narrower set of sophisticated investors?

The proposed list of Qualified Experts appears appropriate.

What steps should broker-dealers and investment advisers be required to take, if any, to verify the accredited investor status of customers before providing them access to quotations published or submitted on the Expert Market?

My experience is that Qualified Experts are trading through brokers, both low-cost and full-service brokers. In establishing a new account, and annually by means of broker inquiries, clients are required to provide answers to a number of questions. The answers to some of these questions qualify the investor as an accredited investor or qualified purchaser. Brokers often/usually require the client to specifically request to be considered as an accredited investor, requiring them to affirm certain information and accept certain risks/understandings associated with this status. I believe this process to be adequate for affirming Qualified Expert status and

could serve as the basis for access to the Expert Market quotations. Alternatively, a similar set of questions and acknowledgements of risks required by OTC Link LLC of any Qualified Expert requesting direct access to quotations should be considered sufficient affirmation of such status.

Should all employees of an issuer, including those who would not otherwise qualify as Qualified Experts, be allowed to view quotations published or submitted on the Expert Market? Please explain, including how this suggestion would be necessary or appropriate in the public interest and consistent with the protection of investors.

It would seem appropriate that such information could be restricted to officers, legal counsel, and directors of the issuer.

3. Are there any other categories of persons or entities that should be eligible to view real-time or delayed quotations published or submitted on the Expert Market? The Commission understands that foreign broker-dealers, as defined in Exchange Act Rule 15a-6(b)(3), similar to broker-dealers registered under Section 15 of the Exchange Act—an entity included in the definition of “accredited investor”—may demonstrate the ability to assess an investment opportunity, the capacity to allocate investments in such a way as to mitigate or avoid risks of unsustainable loss, the ability to gain access to information about an issuer or about an investment opportunity, or the ability to bear the risk of a loss. OTC Link LLC has requested that such foreign broker-dealers be included in the list of Qualified Experts. Should foreign broker-dealers, as defined in Exchange Act Rule 15a-6(b)(3), be added to the list of Qualified Experts? Please explain why or why not, including how this suggestion would be necessary or appropriate in the public interest and consistent with the protection of investors.

Foreign broker-dealers should be included, in addition to US broker-dealers, in the list of those eligible to view the Expert Market. Current investors in those companies that would be eligible for the Expert Market include both US and foreign investors. It would be beneficial to the protection of current investors if the potential investor pool for such companies included foreign investors, as it would provide a larger pool of buyers and sellers which will likely lead to better pricing to a current investor attempting to buy or sell shares. An auction of rare stamp will likely result in a better price for the selling party if the auction were online rather than in person only, and will result in an even better price if the online auction included international bidders in addition to US bidders. In the same way, allowing the Expert Market companies to be quoted (and, hopefully, thereby traded) internationally will provide a better price for both a potential seller and potential buyer. In this way, the ruling would protect the investor by protecting the potential value of his/her investment.

4. What costs would be associated with the proposed Expert Market exemption? Please specify the market participant(s) that would incur such costs (e.g., issuers, broker-dealers, etc.), if any. Would the cost of the proposed policies and procedures and recordkeeping conditions prevent the formation of an “expert market” for any eligible securities?

I lack the expertise to make any informed opinion on this question. I would hope that the SEC would make the requirements for record keeping at a level that was not cost-prohibitive, so that broker-dealers and OTC Link LLC would not decide to not exclude those companies that only traded infrequently, as this would be detrimental to existing shareholders.

Would the ability for issuers’ securities to be quoted on the Expert Market reduce incentives for relevant issuers to provide public information?

Possibly. However, my experience with many small companies of the type that would be in the Expert Market is that they have a corporate mentality towards what are usually minority shareholders. Some are very open and do all they can to provide information and qualify for trading, such as paying the fees and doing the administrative paperwork to qualify for NASDAQ, or OTCBB. At the other extreme, there are companies that do as little as possible and don't like releasing information except to investors who prove ownership. And, of course, there are plenty of companies between these extremes. I don't believe most companies would do less than they are doing simply because an Expert Market existed as an alternative to doing those things needed to be quoted on the OTCBB or Pink Sheets. If their mentality is to be shareholder friendly, which includes being trading friendly, they will continue their current status, in part because it is not particularly onerous to be a Pink Sheets company as the accounting is something they are already doing and the annual fee for Pink Sheets status is low (I believe \$5000/year?).

5. How active would quotations in these securities likely be if the proposed exemptive relief were granted? What degree of liquidity and price discovery would likely be facilitated by the ability of Subscribers to publish or submit quotations on the Expert Market? Where possible, please provide data or identify sources of information the Commission could use to analyze the impact of the relief on liquidity and price discovery.

Unable to predict. At a minimum, any activity and improved liquidity would be a very welcome improvement to investors compared to the grey market. If you are dehydrated in the desert, a glass of water may not quench your thirst but it is much better than no water at all.

6. Does the proposed policies and procedures condition provide appropriate assurance that real-time and delayed quotations published or submitted on the Expert Market would not be accessible to the general public, including retail investors, other than the Qualified Experts?

If performed as proposed, the policies appear to provide appropriate assurance that quotations are restricted to Qualified Experts in that one would have to attest/affirm Qualified Expert status before being allowed to access the quotations.

Please explain why or why not. If not, please explain how the condition should be modified, including the minimum requirements that should be included in OTC Link's policies and procedures to (1) ensure that only Qualified Experts can view quotations published or submitted on the Expert Market and (2) address concerns about fraud and manipulation?

7. Does the proposed recordkeeping condition for OTC Link LLC provide appropriate means to facilitate the Commission's oversight of the Expert Market, including of Subscribers that publish or submit quotations on the Expert Market and the distribution of such quotations?

I would imagine so. As the actual recordkeeping information required is not listed, it is difficult to comment further. However, as the Commission has ultimate authority to change rules, it appears that the Commission would be in a great position to make any necessary changes, if it felt it was not getting the assurances it needed.

Please explain why or why not. If not, please explain how the condition should be modified.

8. Are the proposed safeguards appropriate to ensure that only investors who are able to assess the risks and merits of investment in the categories of securities proposed to be included in the Expert Market are able to access quotations?

I am not a trial lawyer but I do enjoy watching movies that involve courtroom trials. I might qualify this as a “leading question”, in that in answering it I would be agreeing with the premise that an investor with \$5,000,000 in investments is better able to assess the risks and merits of an investment in an Expert Market-type company than an investor with \$50,000 in investments. I DO NOT agree with this premise, but as the premise has already been accepted by the SEC in its Amended rule, there is no need to discuss that point further.

In regards, to the proposed safeguards, they seem appropriate for ensuring access only to Qualified Experts.

Are the proposed conditions of this exemptive order (in conjunction with FINRA rules that govern this market) sufficient to prevent the general public from accessing quotations published or submitted in the Expert Market, or should the Commission impose additional conditions?

Yes.

Are there any other safeguards that should be implemented in the Expert Market to protect investors?

Yes.

1) The proposal appears to be that of providing Exemptive Relief to OTC Link LLC. While I am very appreciative to OTC Link for their efforts in helping to establish an Expert Market, I am always wary of a monopoly. It would be imperative that the SEC provide similar exemptive relief to any other provider willing to follow the same policies/oversight that are afforded to OTC Link. In addition, although I don't have a proposal on how it should/could be done, it would be helpful if the SEC, in providing exemptive relief, could ensure that any fees incurred by broker-dealer subscribers, market data subscribers, issuers requesting access to quotations of their company stock, and (most importantly) Qualified Experts obtaining quotations directly from the OTC Markets Group, were “reasonable” and not priced as if coming from a monopoly on the information. If the cost for a Qualified Expert to obtain access to quotations from the OTC Markets Group proved onerous, then the proposal while good in its intent, would simply prove to be a method by which the SEC provides a windfall to the OTC Markets group at the expense of the very investors the SEC is attempting to protect.

2) Quotations data provided by OTC Link LLC must include “Time and Sales” data, as quotations by themselves without reference to actual sales volume and prices and the timing of such sales is very limiting to investors.

3) The Notice of Proposal, page 7 (footnote 14) references some plans for “end-of-day” quotations. I suggest that these end of day quotations, and last trade of the day price, be allowed to be distributed to a larger base of investors than those included in the Qualified Experts. It is uncertain at this point what information/data sources will have information on the Expert Market companies. For example, if a Qualified Expert wanted to see a 1 year price chart on an Expert Market company, would he/she be able to do so? What about screening for Expert Market companies by market capitalization. Third party providers like YahooFinance and BigCharts are already set up to provide charts. If end-of-day information could be allowed to be disseminated

to such third-party providers it would be of great benefit to existing and potential future investors in Expert Market companies, without violating the restriction on real-time and delayed quotes to only Qualified Experts.

4) In response to the SEC's proposal for Amended Rule 15c2-11 and subsequent adoption, many retail brokers have started to restrict trading of OTCBB/Pink sheet companies. Some brokers have blocked all opening orders in such stocks, still allowing clients to sell/close positions. Other brokers have blocked both opening orders and sales of existing holdings. Many brokers have restricted transfer into an account of OTCBB shares purchased at another brokers. This is disheartening to existing shareholders in that one feels like you are in a giant maze, where each trail leads to a dead end. It would, therefore, be very helpful if the SEC could in some manner provide some words of affirmation regarding the Expert Market, assuming it is approved. In other words, some few words of "support" of the Expert Market that would potentially encourage retail brokers to allow their customers to trade Expert Market companies.

Ultimately, all these Expert Market efforts and plans will be of no value to investors if it turns out that there are no brokers that allow their clients to buy or sell Expert Market companies. So, I ask the SEC to keep in mind that in their effort to protect investors (in this case, Qualified Investors), that some effort be made to word documents in a manner that would help brokerage compliance officers feel comfortable in allowing their clients to trade Expert Market companies.

5) I would suggest a slight rewording of the Proposal (pages 10 and 17), where there is reference to criteria for removal of securities from Expert Market quotations:

"and (2), any security of an issuer that OTC Link LLC has identified as "defunct" (i.e., it has ceased operations, ceased to exist, or has failed to respond to inquiries by OTC Link LLC)."

I would suggest a change to:

"and (2), any security of an issuer that OTC Link LLC has identified as "defunct" (i.e., it has ceased operations, ceased to exist) and has failed to respond to inquiries by OTC Link LLC)."

The reason for the proposed change is that failure to respond, by itself, should not be a criteria for removal. There may be many reasons for why a company may fail to respond and the means of contact are not specified in the Proposal. An e-mail filtered out by a spam filter to which a response was not received should not be interpreted as proof of being defunct. If a company has a website, a phone number answered by real people, and apparent ongoing commerce, failure to respond to an inquiry by an unknown third party should not be grounds for being considered defunct.

9. Are there additional conditions that the exemptive order providing the relief proposed herein should include to help prevent persons who are not Qualified Experts from accessing quotations published or submitted on the Expert Market? If yes, please specify such condition and explain how this suggestion would be necessary or appropriate in the public interest and consistent with the protection of investors.

No. These are enough conditions.

10. Should the exemptive order providing the relief proposed herein include a sunset provision so that the relief would expire on a particular date? If yes, what would be an appropriate date on which the relief

should expire (e.g., one year after the issuance of the exemptive order, etc.) and why? Please discuss the costs and benefits of including such a sunset provision in the exemptive order. Additionally, please explain why such a sunset provision would be necessary or appropriate in the public interest and consistent with the protection of investors. Alternatively, please explain why the exemptive order should omit a sunset provision, including a discussion of the benefits and costs of such omission or any distortive effects on the market. Lastly, please discuss whether there are alternative means of achieving any benefits of a sunset provision.

I do not believe there should be a sunset provision.

First, a sunset date provides uncertainty to a potential investor as to whether he/she should invest in an Expert Market company, lest the ability to trade the company at a fair price elapses prior to their investment goal being achieved. For example, an investor may believe that company X is underpriced and will continue to post good annual earnings and that at some point in the future, his/her investment in company X will be rewarded with a higher stock price and the opportunity to sell at a capital gain. But the timing of when "Mr. Market" will decide to reward the investor with a higher stock price is uncertain and a sunset provision sets a timetable by which the investment needs to succeed lest the investor potentially own a security that will be difficult to sell on the grey market. As such, the investor may choose not to buy, which limits liquidity and the other benefits for which the Expert Market is being created. The absence of a sunset clause gives some confidence to current and future investors that they will be able to sell their shares under similar quotation circumstances.

Second, as the SEC has the unilateral ability to, in the future, propose any changes to the Exemptive Order and enact such changes without any opposition (other than having to ask for comments from the public), including complete removal/reversal of the Exemptive Order, the SEC has the ability to enact a 'sunset' whenever it wishes but without the negatives of an actual sunset date.

Thank you for your consideration of these comments.

Peter